



The President's Daily Brief

22 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

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The Swiss National Bank intervened yesterday to support the dollar for the first time since the Swiss franc was floated last month. (Page 2)

Arab states have sharply protested the Israeli downing of a Libyan civil aircraft yesterday and the raid in northern Lebanon, but we see no direct military response in prospect. (Page 3)

On Page 4 we assess the way the Chilean elections of 4 March are shaping up. There seems to be little chance that either the Allende government or the opposition will win a conclusive mandate.

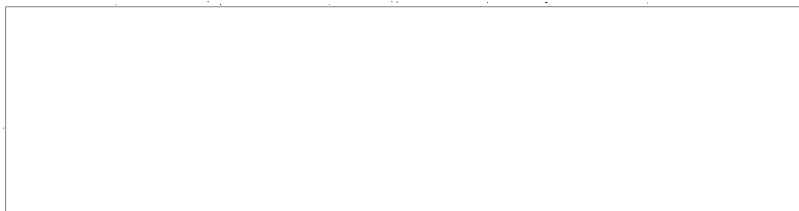
In Cambodia, the insurgents are maintaining pressure against several major highways. (Page 5)

The North Vietnamese in Laos have retaken Paksong on the Bolovens Plateau. (Page 5)

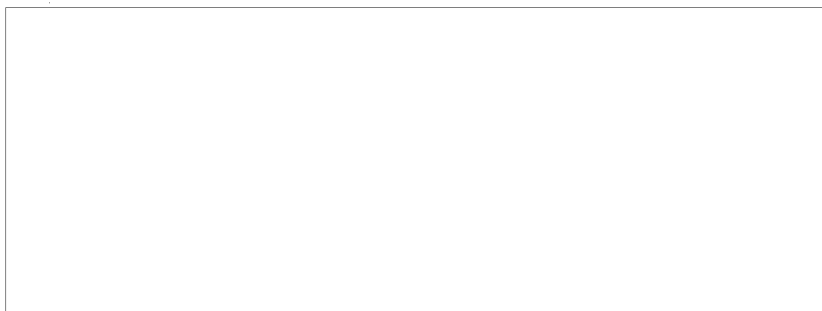
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SOUTH VIETNAM



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INTERNATIONAL MONETARY DEVELOPMENTS

The Swiss National Bank intervened yesterday to support the dollar for the first time since the Swiss franc was floated on 23 January. The intervention reportedly amounted to about \$250 million and occurred in the form of contracts to buy dollars in the future. The Swiss National Bank assumes that dollars leaving West Germany are entering the Swiss market.

Elsewhere, the dollar weakened slightly. The Bundesbank, however, continued to sell dollars in support of the mark, raising its three-day intervention total to almost \$1 billion. The price of gold jumped to \$79.30 in London, a new high.

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ISRAEL - ARAB STATES

Arab states have reacted with sharp protests to Israeli actions in Lebanon and the Sinai. Beirut lodged a strong complaint with the UN Security Council over the Israeli raid near Tripoli in northern Lebanon early Wednesday morning, but did not request a meeting.

The initial response to the Israeli downing of a Libyan civil aircraft over Sinai yesterday has been directed toward international opinion rather than military action. An Egyptian spokesman said that the "world public" should move to confront the Israeli threat to peace in the area. He also vaguely promised that the Arabs would punish Israel.

The Libyan reaction bears close watching. The Libyans are frustrated by their inability to strike Israel directly. Since they regard the US as the major force behind the Israeli "aggression," officials might well instigate demonstrators to attack US property.

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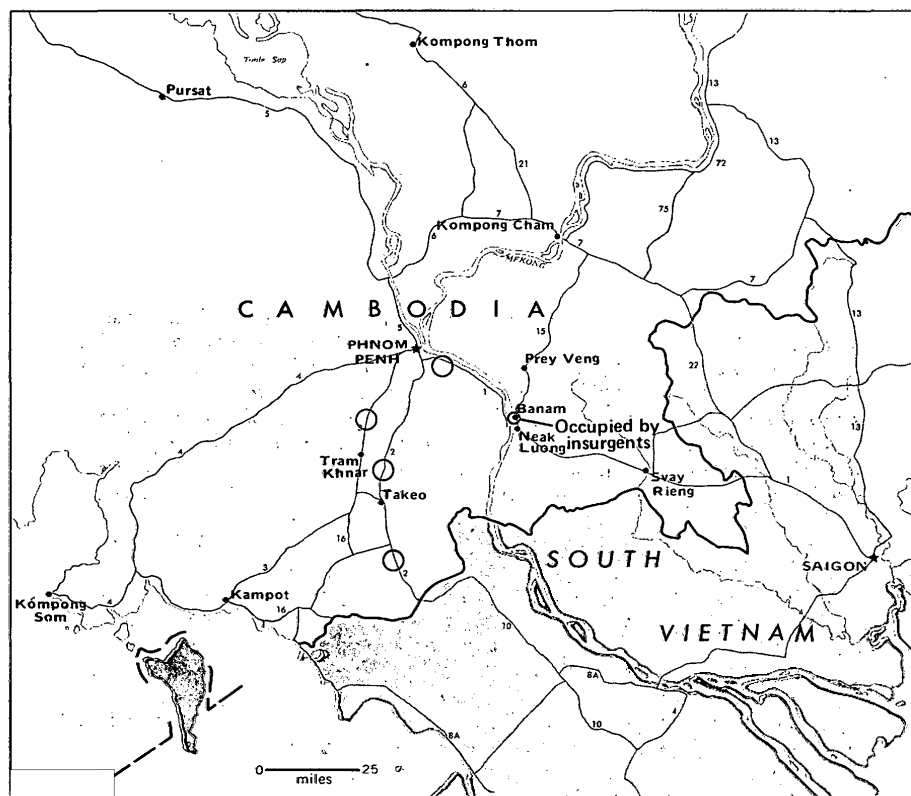
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CHILE

With only ten days remaining before the congressional elections on 4 March we see little prospect for a conclusive vote favoring either the government or the opposition.

Because of the way the electoral laws are drawn and because of the party affiliations of those senators not up for re-election, the opposition needs at least 60 percent of the vote to retain its majorities in both the Senate and the Chamber of Deputies. The opposition believes that the widespread economic discontent gives it a good chance to do this, and it is billing the election as a plebiscite on the Allende government itself. President Allende and his Popular Unity coalition, on the other hand, claim that any amount over the 36.3-percent plurality he received in 1970 would constitute approval of his socialization program.

Several new factors add uncertainty to this election. The electorate is at least 40 percent larger than in the last congressional election four years ago because the franchise has been extended to illiterates and the minimum voting age lowered from 21 to 18. In addition, the combination of most parties into two competing slates will alter the effects of the complex system of vote computation.



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○ Insurgent interdiction

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NOTES

Cambodia: The Khmer insurgents are keeping up the pressure against several major highways. South of Phnom Penh, harassing attacks have again closed Route 2 north and south of Takeo and Route 3 just above Tram Khnar. The insurgents have effectively resisted government attempts to reopen a section of Route 1 some 15 miles southeast of Phnom Penh and to regain control over much of Route 15 on the Mekong's east bank between Banam and the town of Prey Veng. Cambodian clearing operations have been hindered by inept leadership and command and control problems.

Laos: The North Vietnamese have retaken Paksong on the Bolovens Plateau. According to the initial report, the Communist attack began about 15 minutes after the agreed cease-fire hour today. Irregular forces are now trying to regroup at the town's outskirts.

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